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House of Representatives

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. CARL).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,

March 23, 2023.

I hereby appoint the Honorable JERRY L. CARL to act as Speaker pro tempore on this day.

KEVIN MCCARTHY,
Speaker of the House of Representatives.

MORNING-HOUR DEBATE

The SPEAKER pro tempore. Pursuant to the order of the House of January 9, 2023, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning-hour debate.

The Chair will alternate recognition between the parties, with time equally allocated between the parties and each Member other than the majority and minority leaders and the minority whip limited to 5 minutes, but in no event shall debate continue beyond 11:50 a.m.

BANKING AND FINANCIAL SECTOR CHALLENGES

The SPEAKER pro tempore. The Chair recognizes the gentlewoman from Ohio (Ms. KAPTUR) for 5 minutes.

Ms. KAPTUR. Mr. Speaker, I rise today to highlight major challenges plaguing our banking and financial sector to the detriment of everyday Americans. Specifically, I refer to banking deregulation, lax oversight, and major consolidation.

Albert Einstein said that insanity is doing the same thing over and over again and expecting different results.

Well, the most recent financial market tremors follow the collapse of Silicon Valley Bank in California and Signature Bank in New York. These events remind us that our economy is still digging out of the 2008 massive market collapse.

The key question is: Do U.S. banking laws still allow too much speculative financial activity and excessive risk-taking?

Just three trillion-dollar megabanks now control one-third of U.S. banking assets. This chart tells the story. That is too much power by too few.

The financial crash of 2008 was a harsh reminder that, throughout U.S. history, speculators have squeezed through every regulatory keyhole to bring their much higher-risk, reckless, speculative ventures inside the confines of what should be prudent banking.

Regulators must provide firm separation between speculation and prudent banking. Regulators must provide firm separation. Do they hear me?

SVB was investing in speculative Chinese tech startups. How about that? Signature was intertwined with Swiss Bank's operations and cryptocurrency. Well, both banks collapsed.

History has taught us that speculation, derivatives, and venture capital are not normal banking activities. They are much higher risk, and their complexity and uncertainty can threaten the assets of other depositors like me and my constituents who choose not to highly leverage their assets. We should protect American depositors from rampant speculation.

The Biden administration is working to stem the bleeding. Management of both failed banks was shown the door, and the Federal Reserve, for the moment, put in place programs for banks or credit unions to meet their depositors' withdrawal requests.

After these collapses of SVB and Signature, both high-risk mega coastal

banks, I might add, where all of our major financial problems have started over my term of service, which is long, we are all enduring a truly troubling trend of massive bank consolidation that has been happening since the 1980s.

The pandemic pushed even more consolidation into overdrive. Another 9 percent of all branch locations in the U.S. closed between 2017 and 2021, a loss of 7,500 more brick-and-mortar locations in places where the American people live and work.

The empty buildings pockmark every community across our country. The branch closure rate doubled again during the pandemic, and more than 4,000 more branches have closed since March 2020.

People, pay attention. The money is walking away from your community to the very institutions that are causing the problem.

The rate doubled for bank closures from 99 per month during the 10 years prior to the pandemic to now 201 closings per month. The big fish are eating the smaller fish.

Those of us who have fought against the megabank culture that squashes prudent banking need look no further than the severe diminishment of market share held by local and regional banks over the last 40 years.

Step one is to reinstate Glass-Steagall's separation of prudent banking and speculation. The second is to develop a decoupled financial system that strengthens regional banks to manage an increasing share of local housing finance and commercial loans.

Soon, I will reintroduce in this Congress the Return to Prudent Banking Act, and I invite all of my colleagues on a bipartisan basis to join me. This bill would put America back on a path to fixing reckless speculation inside our banking and financial sector. As a result, no single company could be both an investment and a commercial bank.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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